

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name TOWNSHIP OF QUINCY	County HOUGHTON
Fiscal Year End MARCH 31, 2006	Opinion Date AUGUST 9, 2006	Date Audit Report Submitted to State SEPTEMBER 15, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

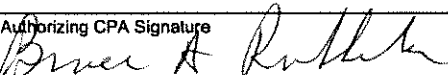
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☒ The audit opinion is UNQUALIFIED.
13. ☐ ☒ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) BRUCE A. RUKKILA, CPA, PC		Telephone Number 906-482-6601	
Street Address 310 SHELLEN AVENUE		City HOUGHTON	State MI
Zip 49931			
Authorizing CPA Signature 	Printed Name BRUCE A. RUKKILA, CPA	License Number 263812	

TOWNSHIP OF QUINCY
HOUGHTON COUNTY, MICHIGAN

AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTAL FINANCIAL INFORMATION

March 31, 2006

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INDEPENDENT AUDITOR'S REPORT

Honorable Supervisor and Board of Trustees
Township of Quincy
Hancock, Michigan

We have audited the accompanying general purpose financial statements of the Township of Quincy, as of and for the year ended March 31, 2006. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Township maintains a cash basis method of accounting. The cash method is not an appropriate basis for accounting and reporting by governmental organizations. Therefore, the statements do not conform with accounting principles generally accepted in the United States of America. Also, the Township has not adopted the reporting format of Government Accounting Standards Board Statement No. 34.

In our opinion, except for the effects on the general purpose financial statements of the omission described in the preceding paragraph, the dollar amount of which we have not determined, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Quincy, as of March 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2006 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented as supplemental information and are not a required part of the general purpose financial statements of the Township of Quincy. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, except for the effects on the financial statements of the omissions described previously, the dollar amount of which we have not determined, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Bruce A. Rukkila, CPA, PC

Certified Public Accountants

August 9, 2006



Bruce A Rukkila, CPA, PC

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for the Western Upper Peninsula

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Supervisor and Board of Trustees
Township of Quincy
Hancock, Michigan

We have audited the financial statements of the Township of Quincy as of and for the year ended March 31, 2006, and have issued our report thereon dated August 9, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance:

As part of obtaining reasonable assurance about whether the Township of Quincys' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, a noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered the Township of Quincys' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Bruce A. Rukkila, CPA, PC

Certified Public Accountants

August 9, 2006

TOWNSHIP OF QUINCY
COMBINED BALANCE SHEET - CASH BASIS
ALL GOVERNMENTAL FUND TYPES AND ACCOUNT GROUPS
March 31, 2006

	Governmental Fund Types		Fiduciary Fund Type	Account Group	Totals (Memorandum Only)
	General	Special Revenue	Agency	General Fixed Assets	
ASSETS AND OTHER DEBITS:					
Cash	\$ 30,883	\$ 5,968	\$ -	\$ -	\$ 36,851
Investments	32,083	-	-	-	32,083
Restricted cash	-	-	527	-	527
Fixed assets	-	-	-	3,240	3,240
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 62,966</u>	<u>\$ 5,968</u>	<u>\$ 527</u>	<u>\$ 3,240</u>	<u>\$ 72,701</u>
LIABILITIES:					
Due to other governmental units	\$ -	\$ -	\$ 527	\$ -	\$ 527
FUND EQUITY AND OTHER CREDITS:					
Investment in general fixed assets	-	-	-	3,240	3,240
Fund balance	62,966	5,968	-	-	68,934
TOTAL FUND EQUITY AND OTHER CREDITS	<u>62,966</u>	<u>5,968</u>	<u>-</u>	<u>3,240</u>	<u>72,174</u>
TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS	<u>\$ 62,966</u>	<u>\$ 5,968</u>	<u>\$ 527</u>	<u>\$ 3,240</u>	<u>\$ 72,701</u>

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF QUINCY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - CASH BASIS
ALL GOVERNMENTAL FUND TYPES
For the year ended March 31, 2006

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
REVENUES:			
Taxes	\$ 9,606	\$ 5,183	\$ 14,789
State	18,935	-	18,935
Administration fees	2,034	-	2,034
Interest income	1,141	-	1,141
Other	7,887	-	7,887
TOTAL REVENUES	39,603	5,183	44,786
EXPENDITURES:			
Assessor	2,132	-	2,132
Supervisor	3,417	-	3,417
Clerk	3,448	-	3,448
Treasurer	3,485	-	3,485
Township Board	2,176	-	2,176
Property	5,775	-	5,775
Fire Protection	1,965	-	1,965
Other Activities	7,157	-	7,157
Roads and Streets	78	-	78
Fire Protection Fund	-	3,411	3,411
TOTAL EXPENDITURES	29,633	3,411	33,044
EXCESS OF REVENUES OVER EXPENDITURES	9,970	1,772	11,742
FUND BALANCE, BEGINNING OF YEAR	52,996	4,196	57,192
FUND BALANCE, END OF YEAR	\$ 62,966	\$ 5,968	\$ 68,934

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF QUINCY
STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - CASH BASIS
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
For the year ended March 31, 2006

	General			Special Revenue		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES:						
Taxes	\$ -	\$ 9,606	\$ 9,606	\$ -	\$ 5,183	\$ 5,183
State	15,000	18,935	3,935	-	-	-
Administration fees	1,400	2,034	634	-	-	-
Interest income	10	1,141	1,131	-	-	-
Other	900	7,887	6,987	-	-	-
TOTAL REVENUES	17,310	39,603	22,293	-	5,183	5,183
EXPENDITURES:						
Assessor	3,000	2,132	868	-	-	-
Supervisor	4,100	3,417	683	-	-	-
Clerk	3,600	3,448	152	-	-	-
Treasurer	4,300	3,485	815	-	-	-
Township Board	3,300	2,176	1,124	-	-	-
Property	7,000	5,775	1,225	-	-	-
Fire Protection	3,000	1,965	1,035	-	-	-
Other Activities	1,400	7,157	(5,757)	-	-	-
Roads and Streets	-	78	(78)	-	-	-
Fire Protection Fund	-	-	-	-	3,411	(3,411)
TOTAL EXPENDITURES	29,700	29,633	67	-	3,411	(3,411)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (12,390)</u>	<u>9,970</u>	<u>\$ 22,360</u>	<u>\$ -</u>	<u>1,772</u>	<u>\$ 1,772</u>
FUND BALANCE, BEGINNING OF YEAR		52,996			4,196	
FUND BALANCE, END OF YEAR		<u>\$ 62,966</u>			<u>\$ 5,968</u>	

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF QUINCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

The Township of Quincy is a township located in Houghton County, Michigan. The Township operates under an elected Board of Trustees (five members, including the Township Supervisor, Township Clerk, Township Treasurer and two trustees) and provides services to a population of approximately 800 Township residents.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Quincy conform to generally accepted accounting principles as applicable to governments with the exception that the Township maintains its accounting and financial reporting on a cash basis method. The following is a summary of the more significant accounting policies:

The Financial Reporting Entity

As required by generally accepted accounting principles, the financial statements of the Township of Quincy contain all of the Township funds. There are no other governmental units within the Township that are controlled by or dependent upon the Township's Board of Trustees. Control by or dependence on the Township was determined on the basis of appointment of the governing body or governing authority budget adoption, taxing authority, or general obligations of the Township, obligation of the Township to finance any deficits that may occur, surplus funds, and scope of public service.

Fund Accounting

The accounts of the Township of Quincy, County of Houghton, Michigan, are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. The available resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

General Fund - General Fund is the general operating fund and accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Fire Protection Fund is the only special revenue fund included in the financial statements for the current year.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the Township in a trustee capacity or as an agent for other governments or other funds. The Tax Collection Fund is a fiduciary fund type.

TOWNSHIP OF QUINCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GENERAL FIXED ASSETS

Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Group, rather than in Governmental Funds. No depreciation has been provided on these assets. These assets are valued at estimated historical cost.

Basis of Accounting

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Township have been maintained in accordance with the cash basis method. The cash basis method dictates that revenues are recorded when cash is collected and expenditures recorded when cash is disbursed. The cash basis method is not an appropriate reporting method under generally accepted accounting principles for governmental units.

Budgetary Data

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. During February the Township Clerk prepares a proposed budget for the General Fund for the fiscal year commencing the following April 1 and submits the proposed budget to the Board of Trustees at the regular March meeting.
- b. The Township Board of Trustees reviews the budget, which includes proposed expenditures and the means of financing them.
- c. The budget, subsequent to approval by the Board of Trustees, is submitted to the Township at the Annual Meeting, at which time public comment is invited and the final budget is formally adopted.
- d. The Board of Trustees reviews the budget during the fiscal year and makes amendments as it deems appropriate.
- e. Budget appropriations lapse at the end of the fiscal year.

Encumbrances

Encumbrances are defined as commitments related to unperformed contracts for goods and services. The Township does not record encumbrances in the normal course of operating its accounting system and none are recorded in the accompanying financial statements.

TOWNSHIP OF QUINCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

Property taxes are levied based on assessed values of property located in the Township. Assessed values are established annually (the first Monday in March) and equalized by the State at an estimated 50% of current market value. The property taxes are levied on December 1, and are payable without penalty through the following February 28. Property taxes are recognized as revenue in the fiscal year collected. The property taxes become an enforceable lien on property as of December 31.

The Township collects its own property taxes, and also collects property taxes for the County and the School Districts within its jurisdiction. Collections and remittances of all property taxes are accounted for in the Tax Collection Fund.

The 2005 taxable valuation of the Township of Quincy amounted to \$3,289,840 on which ad valorem taxes of \$9,606 were levied for Township operating purposes (1.2975 and .9981 mills) and \$5,151 for Township fire protection (1.2476 mills). These amounts are recorded as revenue for the fiscal year ending March 31, 2006.

Total Column on Combined Statements

The total column on the combined statements is captioned "Memorandum Only" to indicate it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation which requires interfund eliminations, if any, be made in the aggregation of this data.

NOTE B - BUDGETING AND ACCOUNTING

The State of Michigan has enacted Public Act 621, the Uniform Budgeting and Accounting Act, to provide for a system of uniform procedures for the preparation and execution of budgets in local units of government. The main purpose of P.A. 621 is to require that all local units adopt balanced budgets, to establish responsibilities and define the procedures for the preparation, adoption, and maintenance of the budget, and to require certain information for the budget process, including data for capital construction projects. Major provisions of P.A. 621 are as follows:

1. Local units of government must adopt a budget.
2. The budget, including accrued deficits and available unappropriated surpluses, must be balanced.
3. The budget must be amended when necessary.
4. Debt shall not be entered into unless authorized in the budget.
5. Expenditures shall not be incurred in excess of the amount appropriated.
6. Expenditures shall not be made unless authorized in the budget.
7. Violations of the act, disclosed in an audit of the financial records, in the absence of reasonable procedures, shall be filed with the State Treasurer and reported to the Attorney General.

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

TOWNSHIP OF QUINCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE B - BUDGETING AND ACCOUNTING (CONTINUED)

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted at the activity level.

During the year ended March 31, 2006, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

<u>Description</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variances</u>
GENERAL FUND			
Other Activities	\$ 1,400	\$7,157	\$(5,757)
Roads and Streets	\$ -	\$78	\$(78)
FIRE PROTECTION	\$ -	\$3,411	\$(3,411)

NOTE C - CASH DEPOSITS

Cash

At March 31, 2006 the book value of the Township's demand deposits, consisting primarily of checking accounts and other cash equivalents, was \$69,461 with a corresponding bank balance of \$69,461. Qualifying deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. One hundred percent (100%) of the Township's deposits, was covered by Federal Depository.

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Cash and investments	<u>\$ 68,934</u>	<u>\$ 527</u>	<u>\$ 69,461</u>

NOTE D - PENSION PLAN

On December 20, 1991 the Township adopted the Municipal Retirement Systems, Inc., Money Purchase Pension Plan covering all employees and officials, except Township Boards and part time or seasonal employees. Employer contributions equal to 8% of a participant's compensation are required. A past service credit is calculated at 3% of current compensation for each year of prior service to a maximum of ten years. The contributions for each employee are fully vested upon entering the plan. No contribution is required by the employees.

Contributions totaling \$780 were paid during the fiscal year ended March 31, 2006. This amount represents the required contributions for 2006. The Township's total wages and eligible wages for the year ended March 31, 2006 were both \$13,916.

TOWNSHIP OF QUINCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE E - CONTINGENT LIABILITIES

Risk Pool

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township was unable to obtain general liability insurance at a cost it considered to be economically justifiable and has joined together with other Michigan townships currently operating a common risk management and insurance program. The Township pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Township is unable to provide an estimate of the amounts of additional assessments.

NOTE F - JOINT VENTURE

On June 10, 1998 the Franklin-Quincy Township Water Authority was formed by the Township of Franklin and the Township of Quincy for the purpose of acquiring, owning, improving, enlarging, extending, and operating a water supply system.

The articles of incorporation of the Authority provide for a Board of Trustees to be the governing body. The Board consists of five members of which two members are appointed by Quincy Township.

The elements considered in the Township's determination that the Franklin-Quincy Township Water Authority should not be included as a component unit of the Township are as follows:

1. Quincy Township is not responsible for the designation of the Authority's management.
2. The Township does not significantly influence operations.
3. Quincy Township appoints only two members to the Authority's Board of Trustees.
4. The Township does not have significant fiscal management responsibilities. It does not have a right to receive surplus funds, but is responsible for guaranteeing certain debt along with the other municipality.
5. The Township provides no direct on-going financial support to the Authority.
6. The Township does not hold title to the physical assets of the Authority.

Financial transactions between the Township and the Authority, reported in the accompanying financial statements, constitute contractual agreements with the Authority for providing services to the Township.

NOTE G - PROPERTY, PLANT, AND EQUIPMENT

A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance <u>03/31/05</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>03/31/06</u>
Equipment	\$ <u>2,645</u>	\$ <u>595</u>	\$ <u>-</u>	\$ <u>3,240</u>

TOWNSHIP OF QUINCY
NOTES TO FINANCIAL STATEMENTS
March 31, 2006

NOTE H - ECONOMIC DEPENDENCY

The Township receives approximately forty-eight percent (48%) of its revenue through the State of Michigan's revenue sharing program. This program distributes sales tax collected by the State of Michigan to local governments as unrestricted revenues. Revenues are distributed to municipalities each February, April, June, August, October, and December based on statewide tax collections for the two-month period ending the preceding December 31, February 28, April 30, June 30, August 31, and October 31.

SUPPLEMENTAL FINANCIAL INFORMATION

TOWNSHIP OF QUINCY
GENERAL FUND
DETAIL STATEMENT OF REVENUES AND EXPENDITURES
For the year ended March 31, 2006

	<u>2006</u>
REVENUES:	
TAXES:	
Property tax	\$ 9,606
STATE:	
State shared revenues	18,935
ADMINISTRATION AND COLLECTION FEES	2,034
INTEREST	1,141
OTHER:	
Reimbursements	6,115
Miscellaneous	1,772
Total other	7,887
TOTAL REVENUES	<u>39,603</u>
EXPENDITURES:	
ASSESSOR:	
Contract labor	2,132
SUPERVISOR:	
Salaries	3,417
CLERK:	
Salaries	3,448
TREASURER:	
Salaries	3,369
Office supplies	116
Total treasurer	3,485
TOWNSHIP BOARD:	
Salaries	1,550
Fees	186
Professional services	300
Miscellaneous	140
Total township board	<u>2,176</u>

TOWNSHIP OF QUINCY
GENERAL FUND
DETAIL STATEMENT OF REVENUES AND EXPENDITURES
(Continued)
For the year ended March 31, 2006

	2006
PROPERTY:	
Insurance	2,346
Capital Outlay	3,429
Total property	5,775
FIRE PROTECTION:	
Professional services	1,965
OTHER ACTIVITIES:	
Payroll taxes	5,672
Administration	1,485
Total other activities	7,157
ROADS AND REPAIRS:	
Repairs and maintenance	78
TOTAL EXPENDITURES	29,633
EXCESS OF REVENUES OVER EXPENDITURES	9,970
FUND BALANCE, BEGINNING OF YEAR	52,996
FUND BALANCE, END OF YEAR	\$ 62,966

TOWNSHIP OF QUINCY
FIDUCIARY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the year ended March 31, 2006

	Balance <u>April 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>March 31, 2006</u>
<u>TAX COLLECTION FUND</u>				
ASSETS:				
Cash	\$ 527	\$ 159,029	\$ 159,029	\$ 527
TOTAL ASSETS	<u>\$ 527</u>	<u>\$ 159,029</u>	<u>\$ 159,029</u>	<u>\$ 527</u>
LIABILITIES:				
Due to General Fund	\$ -	\$ 11,589	\$ 11,589	\$ -
Due to County	-	63,560	63,560	-
Due to Schools	-	76,361	76,361	-
Due to Fire Fund	-	5,149	5,149	-
Due to Other Governmental Units	527	540	540	527
Overpayments	-	86	86	-
Miscellaneous	<u>-</u>	<u>1,744</u>	<u>1,744</u>	<u>-</u>
TOTAL LIABILITIES	<u>\$ 527</u>	<u>\$ 159,029</u>	<u>\$ 159,029</u>	<u>\$ 527</u>



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LETTER OF COMMENTS AND RECOMMENDATIONS

Honorable Supervisor and Township Board
Township of Quincy
Hancock, Michigan

We have audited the general purpose financial statements of the Township of Quincy, for the year ended March 31, 2006, and have issued our report thereon dated August 9, 2006. As part of our audit, we made a study and evaluation of the Township's internal control structure only to the extent we considered necessary as required by generally accepted auditing standards.

Under generally accepted auditing standards, the purpose of an evaluation of the internal control structure is to establish a basis for reliance on the system in determining the nature, timing and extent of other auditing procedures and to assist in planning and performing the audit. Our audit would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

The following suggestions are submitted to assist in improving procedures and controls.

Accounting System (repeat comment)

We recommend the Township utilize the Uniform Chart of Accounts required by the State of Michigan.

Budgeting

Comparing actual to budgeted expenditures shows that over expenditures have occurred. P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In violation of P.A. 621, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

GENERAL FUND			
Other Activities	\$1,400	\$7,157	\$(5,757)
Roads and Streets	\$ -	\$78	\$(78)
FIRE PROTECTION	\$ -	\$3,411	\$(3,411)

We recommend that the general fund budget be prepared under the guidelines of Public Act 621, and that the budgets be monitored throughout the year and amendments be made as necessary.

In addition we noted that no budget was prepared for the Fire Fund, which is required by P.A. 621. We recommend that the Township prepare a separate budget for all governmental funds as required.

Bank Accounts

It was noted that a Certificate of Deposit opened during the year was not authorized in the board minutes. All opening and closing of bank accounts must be approved and noted in the minutes.

GASB 34

Although the Local Audit and Finance Division of the Michigan Department of Treasury has allowed a reporting exception to the implementation of Governmental Accounting Standards Board Statement No. 34 (GASB 34) for various Michigan local cities and municipalities, we recommend the Township adopt the major changes from GASB 34 to comply with GAAP. This requires the Township to issue government-wide financial statements based on full accrual accounting. This change will also require the Township to place a value on all capital assets, calculate depreciation, record offsetting long-term debt, and report information regarding the net value of assets on the government-wide financial statements.

We would like to thank the Township for the excellent cooperation we received during our audit. We appreciate the opportunity to present these comments and recommendation for your consideration and are prepared to discuss them at your convenience.

Bruce A. Rukkila, CPA, PC

Certified Public Accountants

August 9, 2006